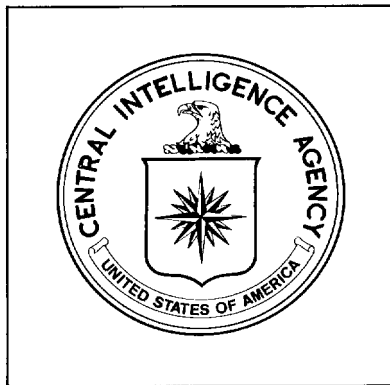


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119

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This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

EC Commission Moving Ahead on its Common Borrowing Facility	1
Conference of the Committee on Disarmament Plods Along in Geneva	2
Cyprus Peace Talks To Begin Again	4

April 3, 1975

-i-

SECRET

SECRET

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EC Commission Moving Ahead on its Common
Borrowing Facility

The EC Commissioner for Financial Affairs, Wilhelm Haferkamp, will be seeking money for the EC's common borrowing facility when he visits Saudi Arabia next week. The EC plan to borrow oil country money and lend it conditionally to its individual members was approved by the EC last December but funds have not yet been secured.

Haferkamp decided to move up his previously postponed visit to April 7-11 on the suggestion of the Saudi Arabian government. The new government may be acting on recent suggestions that it should be forthcoming in its early days in office in providing funds to help some of the countries suffering financially from the energy crisis. In any case, the Saudis reportedly included an amount for the common facility in their investment plans for this year.

No EC member has thus far bid for a loan under the new arrangement, but Commission officials are confident that one or more will do so this year. The EC director for monetary affairs told the US mission in Brussels last month that Italy, Ireland, Denmark and perhaps the UK are considering asking for loans. (Confidential No Foreign Dissem)

April 3, 1975

-1-

SECRET

SECRET

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Conference of the Committee on Disarmament
Plods Along in Geneva

With less than a week remaining until the Conference of the Committee on Disarmament (CCD) concludes its spring session, the 30 active members of the disarmament group have, as usual, done little more than reiterate their country's standard positions on disarmament topics while calling for greater action on the part of the committee. Little or no movement has been registered on new disarmament issues--nuclear free zones, environmental modification for hostile purposes, or peaceful nuclear explosions--which the last General Assembly asked the CCD to consider and submit reports on.

Representatives to the committee have stressed the importance their countries attach to the May Review Conference on the 1968 Non-Proliferation Treaty. Their speeches have focused on what they consider to be the pressing need to implement some of that Treaty's provisions, particularly those dealing with complete disarmament measures and the provision of the benefits of peaceful nuclear development to non-nuclear states. Although the committee has had the negotiation of a comprehensive test ban treaty on its work program for years, no attempts have yet been made at this session to draw up such a treaty.

Questions relating to the technology and possible benefits of peaceful nuclear explosions and the application of nuclear free zone concepts to additional geographical areas have also figured prominently in this session's proceedings.

April 3, 1975

SECRET

SECRET

The conference, however, has done nothing substantive on either topic, although it did succeed in establishing the organizational structure of the group that will study the nuclear free zone concept, probably at the summer session of the committee. The PNE problem is likely to complicate international disarmament discussions for years and the committee's work on this issue can be expected to proceed at its usual desultory pace.

Possibly out of frustration at the delayed and usually inconclusive results of most of the CCD's work, the Romanians have recently proposed that the committee reform its working methods and establish a definite agenda and work program at the beginning of each session. The proposal will be debated at a meeting tomorrow, but the committee is likely to retain its traditional emphasis on flexibility in its work habits and resist attempts to structure its proceedings.
(Confidential)

April 3, 1975

SECRET

SECRET

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Cyprus Peace Talks To Begin Again

Greek and Turkish Cypriot leaders have apparently agreed to resume their interrupted peace talks on April 25 in Vienna.

The initial press announcements did not state who would participate in the talks, but Rauf Denktash and Glafkos Clerides probably will at least open the negotiations. There has been a move to replace Denktash, who now holds the position of president of the recently proclaimed Turkish federated state of Cyprus, with an individual of lesser stature. This would suit Cypriot President Makarios, who would like to be able in turn to replace Clerides, whom he has criticised as too lenient a negotiator.

The Turks, who had previously balked at an active role for UN Secretary General Waldheim, finally agreed to his participation in the first week of the negotiations. This is a shorter period than the Greeks or Greek Cypriots wanted, but they probably agreed for want of a better alternative. Greek Prime Minister Karamanlis remains anxious to get the Cyprus problem behind him and would probably be prepared to adopt a more flexible position if the Turks were willing to withdraw from some part of the area they now hold. The Greek Cypriots continue to hope that the cut off of US military aid to Turkey will make the Turks more amenable to concessions.

Although there is a consensus in Ankara that territorial concessions are necessary, the US embassy in Nicosia reports indications that the Turks continue to move toward a de facto separation of the two communities on the island. The Turks have now settled

April 3, 1975

SECRET

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virtually all of the migrants from the south in former Greek villages in the north and are in the process of making the north self-sufficient in such things as electrical power.

A Turkish Cypriot constitution--drafted in mainland Turkey-- was completed on March 26 and has been forwarded to the island's constituent assembly for approval. The draft constitution provides all the accoutrements of an independent state; the only concession to the Greek Cypriots is an admission that the constitution may be amended "when the constitution of the federal Republic of Cyprus is put into force."
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